

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL****FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

0 1 — 0 0 2

2. STATE:

CO

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 1, 2001

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.253

7. FEDERAL BUDGET IMPACT:

a. FFY 2001 \$ 0  
b. FFY 2002 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4. 19 A,  
pages 8 and 99. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):Attachment 4.19A,  
pages 8 and 9

10. SUBJECT OF AMENDMENT:

Inpatient Hospital Reimbursement

11. GOVERNOR'S REVIEW (Check One):

- ☐
- GOVERNOR'S OFFICE REPORTED NO COMMENT
- 
- ☐
- COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
- 
- ☐
- NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

As per Governor's letter dated 12-14-94

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Richard C. Allen

14. TITLE:

Director, Office of Medical Assistance

15. DATE SUBMITTED:

March 30, 2001

16. RETURN TO:

Health Care Policy and Financing  
1575 Sherman Street, 4th Floor  
Denver, CO 80203-1714  
Attn: Deborah Collette**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

March 23, 2001

18. DATE APPROVED:

04/12/01

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

01/01/01

20. SIGNATURE OF REGIONAL OFFICIAL:

Paul R. Long MD

21. TYPED NAME:

Paul R. Long, MD

22. TITLE:

Acting Associate Regional Administrator

23. REMARKS:

POSTMARK: Handcarried 3/23/01

TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

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8. Disproportionate Share Hospital Adjustment: =

A. Federal regulations require that hospitals which provide services to a disproportionate share of Medicaid recipients, shall receive an additional payment amount to be based upon the following minimum criteria:

1. Have a Medicaid inpatient utilization rate at least one standard deviation above the mean Medicaid inpatient utilization rate for hospitals receiving Medicaid payments in the State, or a low income utilization rate that exceeds 25 percent; and
2. A hospital must have at least two obstetricians with staff privileges at the hospital who agree to provide obstetric services to individuals entitled to such services under the State Plan. In the case where a hospital is located in a rural area, (that is an area outside of a Metropolitan Statistical area, as defined by the Executive Office of Management and Budget), the term "obstetrician" includes any physician with staff privileges at the hospital to perform non-emergency obstetric procedures.
3. Number 2 above does not apply to a hospital in which:
  - a. The inpatients are predominantly under 18 years of age; or
  - b. Does not offer non-emergency obstetric services as of December 21, 1987.

The Medicaid inpatient utilization rate for a hospital shall be computed as the total number of Medicaid inpatient days and Medicaid managed care days for a hospital in a cost reporting period, divided by the total number of inpatient days in the same period.

For purposes of paragraph 8.A.1., the term "low income utilization rate" means, for a hospital, the sum of:

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TN No. 01-002

Supersedes

TN No. 97-007

Approval Date 04/12/01

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- (A) The fraction (expressed as a percentage)
- (i) The numerator of which is the sum (for a period) of (I) total revenues and managed care revenues paid the hospital for patient services under a State Plan under this title and (II) the amount of the cash subsidies for patient services received directly from State and local governments, and
  - (ii) The denominator of which is the total amount of revenues of the hospital for patient service (including the amount of such cash subsidies) in the period; and
- (B) The fraction (expressed as a percentage)
- (i) The numerator of which is the total amount of the hospital's charge for inpatient hospital services which are attributable to charity care in a period less the portion of any cash subsidies described in clause (i) (II) of subparagraph (A) (of section 1923 of the Social Security Act) in the period reasonably attributable to inpatient hospital services, and
  - (ii) The denominator of which is the total amount of the hospital's charges for inpatient hospital services in the hospital in the period.

The numerator under subparagraph (B)(i) shall not include contractual allowances and discounts (other than for indigent patients not eligible for medical assistance under a State plan approach under this title).

B. Colorado determination of Individual Hospital Disproportionate Payment Adjustment.

Effective January 1, 1991, hospitals deemed eligible for minimum disproportionate share payment will receive the following payment adjustment:

1. Hospitals with a Medicaid inpatient utilization rate in excess of 1 standard deviation above the State's mean Medicaid patient day utilization rate will receive a minimum of a 2 1/2% increase in the calculated base or per diem rate. To pay hospitals proportionally for their level of Medicaid inpatient

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